

Session 7D: Innovative financing in unlocking the NSS pathway.

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Venue: Julia Room

Facilitator: Akin Akinsete

Background

Financing and investment play a critical role in implementing and sustaining sanitation service delivery initiatives, and it is usually a barrier to a successful roll out. Therefore, it is key to address and understand funding and investment requirements prior to implementation. Key aspects to consider include funding sources, government budget allocation, development finance, Public-private partnerships (PPPs), Innovative financing mechanisms, cost recovery and tariff systems, microfinance, and community financing, and monitoring and accountability.

Funding for sanitation service delivery projects can be sourced from a number of stakeholders. These can include national and local governments, development banks, international donors, private sector entities, and the communities themselves. It is essential to explore different funding sources and leverage partnerships to secure the necessary financing. Subject to local legislative framework, the arm of government responsible for sanitation should prioritize sanitation in their budget allocations and seek support and buy-in from other national sanitation stakeholder. Funding allocation should be earmarked for not only sanitation infrastructure development but for maintenance, and operation as well. Governments can also establish dedicated sanitation funds or mechanisms to ensure a consistent and reliable flow of funds for sanitation projects. Government can also leverage development banks and international financial institutions to support initiated sanitation programs. These financial institutions can offer grants, loans, and technical assistance to governments and utilities for infrastructure development, capacity building, and institutional strengthening. Examples of such institutions include the World Bank, Asian Development Bank (ADB), African Development Bank (AfDB), and Developmental Bank (DBSA).

Public Private Partnership PPPs can also be effective in mobilizing private sector investments and expertise for sanitation service delivery projects. Public and private entities can collaborate to design, build, finance, operate, and maintain sanitation infrastructure. PPP models can help de-risk, improve efficiency, and attract private capital for long-term sustainable solutions. Exploring innovative financing mechanisms such as sanitation taxes or levies, impact bonds, results-based financing, carbon financing, and crowdfunding can unlock new funding sources. These mechanisms can generate additional revenue streams and engage diverse stakeholders in supporting sanitation service delivery initiatives.

Microfinance institutions and community-based financing models can also play a role in increasing access to financing for households and communities. Microloans or savings programs can empower individuals to invest in household sanitation facilities, while community-led initiatives can mobilize resources for collective sanitation infrastructure, such as public toilets or wastewater treatment plants.

Transparent financial management and accountability are essential for maintaining public trust and attracting further investments. Establishing robust financial management systems, conducting regular audits, and ensuring clear reporting and disclosure of financial information are critical aspects of financing citywide inclusive sanitation.

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While there are diverse financing strategies as highlighted above, it is key to recognize that adopted funding strategies should be context-specific, taking into account the local socio-economic conditions, institutional capacities, and available resources.

Program:

Objective: *To explore and share innovative financing strategies and mechanisms for enabling NSS uptake and discuss the role of various stakeholders in financing sustainable sanitation initiatives.*

		FACILITATOR – Akin Akinsete	
Time	Duration	Topic	Speaker
11h00 – 11h10	10	Welcome and opening remarks by the moderator.	Akin Akinsete
Session 1: Opening address and topic presentations			
11h10 – 11h25	15	Opening address: Unlocking Finance and investments in safely managed sanitation (TBC)	Miguel Vargas-Ramirez
11h25 – 11h35	10	The Role of NSSS in a Sanitation Toolbox and the need for increased funding for this category of technologies.	Dr Valerie Naidoo
11h35 – 11h45	10	Use of green bonds and other financial instruments for funding sanitation projects	David Rajak
11h45 – 11h55	10	Funding Container based sanitation with carbon credits.	Rémi Kaupp (TBC)
11h55 – 12h05	10	User Paid Sanitation Service – An emerging model for sanitation service delivery in SA indigent communities.	Nick Allcock
Session 2: Panel Discussion:			
12h05 – 12h30	25	Changes needed in current sanitation service delivery financing needed to accelerate adoption of innovative sanitation solutions	Panel Members Miguel Vargas-Ramirez Johann Lubbe Valerie Naidoo Rémi Kaupp David Rajak
Question & Answer session			
12h30 – 12h40	10	Question & Answer session	All
Conclusion and Wrap-up			
12h40 – 12h45	5	Wrap up, reflections and next steps	Facilitator
		Vote of thanks	
		Close	